

IDA-015-01: Closing OOR Accounts for Active and Expired Participants
Effective Date: December 1, 2014

Background: Effective October 1, 2013, Indiana was required to close all accounts where participants listed “**owner occupied rehabilitation**” (OOR) or “**principal reduction**” as an asset goal or purchase type. Local program administrators began contacting participants with these asset goals and started the process for closing down these accounts. There are two categories of participants: Active OOR and Expired OOR. In the policy guidance below, the process will outline how to properly close each participant category. The goal is to have all accounts with OOR or principal reduction as an asset goal closed by **July 31, 2015**.

Process for Closing Expired OOR Participants: Participants who have been in the program five (5) years or longer have exceeded their project period for program participation. After five years, the state and federal match funds expire. Any unspent federal funds must be returned to AFI, and state funds must be returned to the state office. The personal savings will be returned to the participant. These participants are no longer eligible to participate in the IDA program.

The state office has compiled a list of all expired participants who have listed OOR or principal reduction as an asset goal and who have exceeded five years of program participation. Each program administrator will receive a copy of its participants who meet those criteria for removal. Each participant must receive a letter indicating that the account will be closed and how the funds will be disbursed. All accounts must be closed by **December 31, 2014**.

Once all of the accounts are closed, the local program administrator **will have 45 days** from December 31, 2014 to close the account in IHCDOnline, reconcile all financial accounting, and remit all matching funds to IHCD. The unspent AFI funds will be returned to the federal government. All unspent state matching funds will be used to support Active OOR participants.

Process for Closing Active OOR Participants: Active participants are participants who are within their five year project period and who are currently eligible to save and make allowable asset purchases. Because they are still active, these participants have the option to choose another allowable asset goal and complete the program. **The participants should choose a new asset goal by December 31, 2014.**

If they do not wish to choose another allowable asset goal, then they can identify one final home repair project. These participants must notify the local program administrators and identify a final home repair project by **December 31, 2014**. They will have until **May 31, 2015** to complete the home repair project. Agencies will have 45 days from May 31, 2015 to close the accounts, reconcile all financial accounting, and remit all unspent funds back to the state office.

The state office has compiled a list of all active participants who have listed OOR or principal reduction as an asset goal. Each program administrator will receive a copy of its participants who meet those criteria for removal. Each participant must receive a letter indicating the next steps for updating or closing the IDA account. **All participants must make a decision by December 31, 2014.**

If the participants do not wish to choose a new goal or complete a final project by the due date, the program administrator **must terminate their participation in the program**. Any unspent personal savings will be returned to the participant, while all unspent matching funds will be returned to the state. Once participation has been terminated, the participant **will be ineligible for future accounts**.

To fund these accounts, the program administrators will receive further instruction from the state office to remove all AFI match deposits and upload state match deposits. All AFI match funds for these participants will be returned to AFI. All state match funds will come from the Expired OOR participants.

Adding Case Notes: When closing the accounts (both active and expired), program administrators must enter case notes regarding major activities that take place with the financial transactions. The case notes should document if:

- the participant changes asset goal due to disallowance of OOR
- when the final OOR project was approved and estimated completion date
- if the participant closes account and chooses not to participate any longer
- if the participant files an appeal regarding the process and action steps completed by the administering agency.

Closing OOR Accounts- Active & Expired

	Number of Clients	Personal Savings Balance	AFI Avail Balance	State Available Balance	Total Match	Savings + March
Active Participants	196	\$130,749.35	\$207,275.52	\$208,183.03	\$415,458.55	\$546,207.90
Expired Participants	166	\$99,853.65	\$173,613.51	\$198,536.86	\$372,150.37	\$472,004.02
Total	362	\$230,603.00	\$380,889.03	\$406,719.89	\$787,608.92	\$1,018,211.92

Process for Closing OOR Accounts- Expired

- IHCD has identified all expired participants with OOR as an asset goal.
- IHCD will develop a termination letter informing these participants that their accounts have been closed because: 1) they have exceeded the five year project period and 2) they have a disallowed asset goal.
- Agencies will distribute the termination letter to all participants.
- All accounts must be closed at the banks by December 31, 2014.
- Local agencies will work with banks to process any checks and return of funds to IHCD between 1/1/15-2/14/15.
- Agencies must remit final reports about expired OOR clients to IHCD by 2/15/15.
- IHCD will remit updated SF 425s to HHS by 2/28/15.
- State funds will be used to support active participants with final purchases.

Process for Closing OOR Accounts- Active

- IHCD has identified all active participants with OOR as an asset goal.
- IHCD will develop a letter informing these participants that their asset goal has been disallowed.

- If the clients wish to complete a final OOR project, then the client must have an approved project by 12/31/2014.
- The agency must document that an approved project has been selected in the case notes.
- The agency and client must ensure that the project is completed by May 31, 2015.
- Those who choose to close will have their accounts closed immediately.
- Those who choose to complete a final purchase must complete by 5/31/2015.
- Local agencies will work with banks to process any checks and return of funds to IHCD by 6/1/15-7/16/15.
- Agencies must remit final reports about expired OOR clients to IHCD by 7/16/15.
- IHCD will remit updated SF 425s to HHS by 7/31/15.

Frequently Asked Questions

Can a participant re-enter the program if the participant was forced to close the IDA account because of OOR issues?

No, the participant cannot re-enter the program at a later date. According to the Indiana code, a participant is only allowed one IDA account.

If the participant never used any match or personal savings, is the participant still ineligible to receive another IDA account?

This question is currently under legislative review. As soon as the state office receives confirmation, then the network will be informed.

If the participant closed an account last year but was not offered additional funds, can that participant come back and complete a final project?

No, these participants cannot come back to complete a final project because there are funds available.

The participant did not have an identified project by December 31, 2014, but is still active. The participant would like to identify a project in February 2015. Is this allowable?

No, this is not allowable. Agencies must not approve projects after December 31, 2014.

IDA – EXPIRED OOR

Name
Address
City, State Zip

Re: Expiration of IDA Program

Dear IDA Participant:

Our records indicate that your family currently participates in Indiana's Individual Development Account Program (or IDA). For over five years, you have saved funds that were matched with federal and state dollars to purchase an asset: post-secondary education, job training, build or expand a business, owner occupied rehabilitation, or purchase your first home. We have been excited to increase the economic viability of your family by creating access to assets and supporting your final growth.

However, two major program changes have taken place since you joined the program. First, owner occupied rehabilitation is no longer an allowable asset purchase for the program. Second, participants are no longer allowed to maintain open accounts after five years. We must inform you that your personal savings and match accounts will be closed. The IDA program allows Hoosiers to save and purchase assets for a four year period. All participants are then given an additional 12 months to make a final allowable purchase. If the funds are not spent at the end of five years, your local agency must close the personal savings and match accounts at the local bank. No more purchases will be allowed with remaining funds. Your personal savings will be returned to you, and the federal and state match funds are returned to the state office.

Here are the next steps in the process of closing your accounts. Your local agency will be closing your account at the local bank where your savings were deposited. Your personal savings will be distributed to you by December 31, 2014. The federal and state match funds will be returned to Indiana Housing and Community Development Authority, or the state office that runs the IDA program.

If you have any questions or concerns about this information, please contact your local agency at

Sincerely,

Taura Edwards
Director of Community Programs
Indiana Housing and Community Development Authority

IDA – ACTIVE OOR

Name
Address
City, State Zip

Re: Owner Occupied Rehabilitation

Dear IDA Participant:

Our records indicate that your family currently participates in Indiana's Individual Development Account Program (or IDA). For years, you have saved funds that were matched with federal and state dollars to purchase an asset: post-secondary education, job training, build or expand a business, owner occupied rehabilitation, or purchase your first home. We have been excited to increase the economic viability of your family by creating access to assets and supporting your final growth.

However, one major program change has taken place since you joined the program. Owner occupied rehabilitation is no longer an allowable asset purchase for the program. Because you have been provided five years to complete the program, you have the option to choose a new asset goal and continue your program participation. The IDA program allows Hoosiers to save and purchase assets for a four year period. All participants are then given an additional 12 months to make a final allowable purchase. **A new asset goal must be chosen by December 31, 2014.**

If any other asset goal does not work for your family, then you may choose one final home repair project. The project must be identified by **December 31, 2014**. If a project or new asset goal is not identified by the due date, then your family will be ineligible for future homeowner repair projects. Your program participation will be terminated.

If the funds are not spent at the end of five years, your local agency must close the personal savings and match accounts at the local bank. No more purchases will be allowed with remaining funds. Your personal savings will be returned to you, and the federal and state match funds are returned to the state office.

If you have any questions or concerns about this information, please contact your local agency at

Sincerely,

Taura Edwards
Director of Community Programs
Indiana Housing and Community Development Authority